

BUILD MI COMMUNITY GRANT INITIATIVE GUIDELINES

Overview

Build MI Community (“BMC”) is an initiative designed to promote private investment by emerging developers with limited real estate development experience. Administered by the Michigan Economic Development Corporation (MEDC), this tool provides access to real estate development gap financing in the form of grants for small scale, incremental development projects.

Goals

The BMC Initiative has been established to reactivate underutilized or vacant space into vibrant areas by promoting capital investment into development projects being taken on by developers and property owners with limited real estate development experience and familiarizing them with the development process in order to position them to potentially undertake more complex projects in the future.

Eligible Applicants

Eligible applicants are individuals or entities who have limited commercial and/or mixed-use development experience (maximum two (2) commercial projects). Individuals or entities who have successfully closed real estate deals using other MEDC financial tools are not eligible for BMC (developers may be awarded funds for up to two (2) BMC projects).

Eligible Properties

This initiative focuses on projects that support the revitalization of traditional downtowns or traditional commercial corridors by promoting greater density and vibrancy. Competitive projects will be located in or within walking distance of a downtown or traditional commercial corridor¹. Preference will be given to projects located in a Geographically Disadvantaged Areas². Projects with majority owner-occupied properties require MEDC review to ensure alignment with BMC initiative goals.

Project Considerations

Staff will also evaluate proposed projects based on the following considerations; the most competitive BMC project submissions will address local and regional impact, place, and economic and financial considerations. These are listed below by category and are in no particular order. Projects meeting multiple considerations will be more competitive and more likely to receive a positive staff recommendation.

¹ A “traditional downtown” or “traditional commercial” corridor is defined as a grouping of 20 or more contiguous commercial parcels containing buildings of historical or architectural significance. The area must have been zoned, planned, built or used for commercial purposes for more than 50 years. The area must consist of, primarily, zero- lot-line development and have pedestrian friendly infrastructure.

² Geographically Disadvantaged Areas are defined as economically distressed and historically underinvested census tracts and counties, especially in urban and rural areas, that tend to experience relatively high unemployment and low household incomes.

Local and Regional Impact Considerations

- Project aligns with local vision and goals stated in a master plan, downtown plan, capital improvements plan and/or economic development strategy.
- Readiness of infrastructure – utilities, housing, transportation, public transit and other community services.
- Located in a community engaged in Redevelopment Ready Communities and/or located in a designated Michigan Main Street community.
- Located in a Geographically Disadvantaged Area (GDA) [Click here](#) to see a map .
- Project uses (including residential) align with local market needs.

Place Considerations

- Project incorporates strong human-centric design principles and will contribute to the investment's long-term value through holistic rehabilitation of the site.
- Reuse of vacant or underutilized properties located in and contributing to a vibrant walkable mixed-use district.
- Project positively contributes to the pedestrian experience and considers availability of adjacent multi-modal transportation options.
- Rehabilitation, infill, and/or historic revitalization projects.

Economic and Financial Considerations

The following financial conditions will be considered by staff when determining a project's competitiveness for Build MI Community grant support:

- Availability of financing for the project.
- Long-term financial viability of the project as demonstrated through project proforma.
- Financial need for the project is exhibited.

Eligible Funding and Match

Eligible funding and applicant match is defined as at least one, or any combination of, the following expenditures.

Collectively these expenditures are eligible for funding and/or applicant match and are referred to as "Eligible Costs":

- a. acquisition fees or costs for real property;
- b. fees or costs for alteration, new construction, improvement, demolition, or rehabilitation of buildings of an approved project, including utility tap fees, and fees and costs paid to a governmental entity for permits, zoning, and inspections;
- c. fees or costs for site improvements to an approved project, including, a surface parking lot, parking garage, parking ramp, utilities and public infrastructure, such as roads, curbs, gutters, sidewalks, landscaping, lighting, grading and land balancing;

- d. fees or costs for the addition of machinery, equipment or fixtures to an approved project;
- e. Professional fees or costs for an approved project for architectural services, engineering services, environmental, or surveying services;
- f. developer fees not to exceed the lesser of 10% of total project costs or \$150,000
- g. other costs may be considered on a case-by-case basis.

AWARD STRUCTURE

BMC support that is in the form of a grant shall not be less than \$50,000 but not greater than the lesser of 50% of project costs not to exceed \$250,000 for any project. For communities with populations of 15,000 or less, 30% of the annual funding will be set aside for a period of up to six months of that fiscal year. Grants shall also include provisions requiring grant funds to be paid back to the MEDC when certain requirements are not met. Applicants may be eligible for additional grant funding for project costs not to exceed \$100,000 (\$350,000 total) and up to an additional \$35,000, for project-specific technical assistance, if the applicant has completed real estate development training.

APPLICATION AND SELECTION PROCESS

All applicants are required to submit an application while working with their Community Development Manager (CDM) ([CDM Map](#)). The timing for project consideration is impacted by various factors which may include changes to project scope, inadequate or incomplete documentation, and project complexities.

The following is a high-level summary of the process.

1. Applicant provides completed application with additional supporting documents.
2. MEDC reviews project based on the criteria which expounds upon the project considerations outlined above.
3. MEDC staff completes a full statutory and financial review.
4. MEDC drafts appropriate legal agreement.
5. Applicant completes milestones outlined in the agreement and necessary for disbursement of funds.
6. Applicant completes required reporting following project completion.
7. MEDC completes compliance verification and project closeout.

All MEDC support shall be memorialized by final written grant agreements, with terms and conditions in accordance with state law, these guidelines and otherwise satisfactory to the MEDC, including, without limitation, requiring performance-based milestones which shall govern disbursements; and requiring periodic reporting of data, financial information, and any other information required to facilitate required reporting including periodic reporting after completion of a project.